
Program Evaluation Report

Washington Department of Ecology
State Fiscal Year 1998

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Executive Summary

The Washington Department of Ecology (Ecology) manages the Washington Clean Water State Revolving Fund¹, the Washington State Centennial Clean Water Fund Grants Program and the Nonpoint Source Water Quality Grants program (under §319 of the Clean Water Act). The Department of Ecology manages these programs jointly to maximize the water quality benefits of its water quality financial assistance programs and minimize the administrative costs incurred by the state and water quality financial assistance recipients.

As of the end of State Fiscal Year (SFY) 1998, the Washington Clean Water State Revolving Fund (CWSRF) had provided loans for slightly over \$266,000,000 in assistance. As of the end of SFY 1998, the CWSRF had approximately \$40.9 million available to commit to new loans. Thus, as of that date it had used approximately 86% of its total available funds to finance projects.

The CWSRF program's principal strengths include:

- An experienced and dedicated professional staff in Ecology's regional offices as well as in its central office;
- A demonstrated willingness on the part of the program's management and staff to develop innovative methods for financing water quality projects while protecting the assets of the Fund;
- Effective coordination with the Puget Sound Water Quality Action Team to promote the use of the Fund to finance projects that implement the Puget Sound Water Quality Management Plan and the Action Team's two-year action plan for Puget Sound;
- Strong support from and effective coordination with the management of Ecology's water quality program.

The Washington CWSRF also has some significant challenges in front of it in the near future:

- As the Department of Ecology and the Environmental Protection Agency (EPA) were reviewing the Department's proposed Intended Use Plan (IUP) for SFY 2000, we discovered that the Department had significantly underestimated the amount of accrued Fund earnings that are not yet committed to new loans. This surplus meant that the EPA was unable to make a capitalization grant award from the Federal Fiscal Year (FFY) 1999 allotment to support the SFY 2000 IUP's implementation. In developing its

¹ The Washington Fund is referred to in state law as the Water Pollution Control Revolving Fund. To be consistent with how the Environmental Protection Agency refers to the program nationally, we will continue referring to it in this report as the Clean Water State Revolving Fund.

SFY 2001 IUP, Ecology will need to expand its market significantly in order to “capture” the full FFY 1999 capitalization allotment.

- The Department has invested considerable time and energy in developing a new integrated priority setting system in SFY 1998 and SFY 1999. Our discussions with Department staff and program managers lead us to believe that there are significant opportunities to improve the integration of the Washington CWSRF with Washington’s water quality and aquatic habitat programs, such as financing the execution of projects that implement the State’s salmon restoration plan as well as projects that would implement watershed restoration strategies and Total Maximum Daily Loads (TMDLs).
- During this Fiscal Year, the Department has not reported accurate dollar amounts of MBE or WBE participation in the CWSRF program to the EPA. MBE/WBE percentage goals are negotiated annually and identified in each capitalization grant. Ecology is responsible for ensuring that all loan recipients obtaining CWSRF funds send EPA Form 5700-52A, *MBE/WBE Utilization under Federal Grants, Cooperative Agreements and Other Federal Assistance*, to the Department of Ecology. The Department must begin collecting and aggregating EPA Form 5700-52A, *MBE/WBE Utilization under Federal Grants, Cooperative Agreements and Other Federal Assistance*, from all loan recipients receiving CWSRF funds and submitting this information on a quarterly basis to EPA.
- Although Ecology’s loan portfolio has been growing significantly and can be expected to continue growing at a relatively rapid rate for several more years, the staff available to arrange new loans and manage those loans once they are executed has not grown to any significant degree. EPA recommends that Ecology thoroughly examine the program’s expected work load and available staffing to determine what additional staffing may be necessary. EPA recommends that this analysis be completed in time to be used in the development of Ecology’s SFY 2001 budget and operating plan.

Introduction

This Program Evaluation Report (PER) summarizes the results of an annual review of the Washington Clean Water State Revolving Fund conducted by the Environmental Protection Agency (EPA) for SFY 1998. This review is based on several critical elements:

1. The Intended Use Plan (IUP) for SFY 1998 for the Washington Clean Water State Revolving Fund;
2. The SFY 1998 Annual Report submitted by the Washington Department of Ecology (Ecology);
3. Records of the performance of the Washington program during SFY 1998 and SFY 1999.

4. An EPA review of Washington Clean Water State Revolving Fund related documents maintained in EPA's grant files and of the data in EPA's National Information Management System (NIMS) for the Clean Water Revolving Fund;
5. An on-site review and discussion with the Department of Ecology.

Scope of the Review

The Annual Review examined the performance of the Washington Clean Water State Revolving Fund during the State Fiscal Year (SFY) from July 1, 1997 through June 30, 1998 (the Period). We reviewed the legal, managerial, financial, and technical capabilities and of the program. Areas of general interest were compliance with the terms of the Operating Agreement and grant conditions imposed in the EPA capitalization grant awards, certifications and assurances, adherence to specific proposals and progress towards the stated goals and objectives. We also focused on the pace of the program, efforts of the program to generate greater demand, and future administration of the program.

Washington Program Summary

The State of Washington received its initial capitalization grant on September 30, 1989. On September 30, 1998, the State of Washington received its most recent capitalization grant in the amount of \$23,417,163. As of June 30, 1999, the CWSRF has received ten capitalization grants for a total of \$248,993,537. Through the end of SFY 1998 Washington contributed \$49,798,706 in matching capitalization funds. As of June 30, 1999 the CWSRF is summarized as follows:

TABLE 1: PROGRAM SUMMARY					
Grant ID No.	Amount	*Cash Draws	Availability	Match	Total Capital
CS-530001-89	\$ 17,372,811	\$ 17,372,811	\$ -	3,474,562	\$ 20,847,373
CS-530001-90	\$ 17,032,749	\$ 17,032,749	\$ -	3,406,550	\$ 20,439,299
CS-530001-91	\$ 35,872,484	\$ 35,872,484	\$ -	7,174,497	\$ 43,046,981
CS-530001-92	\$ 33,789,195	\$ 33,789,195	\$ -	\$ 6,757,839	\$ 40,547,034
CS-530001-93	\$ 33,425,073	\$ 33,425,073	\$ -	\$ 6,685,015	\$ 40,110,088
CS-530001-94	\$ 20,739,807	\$ 20,739,807	\$ -	\$ 4,147,961	\$ 24,887,768
CS-530001-95	\$ 21,419,838	\$ 20,774,501	\$ 645,337	\$ 4,283,968	\$ 25,703,806
CS-530001-96	\$ 22,509,234	\$ 21,758,956	\$ 750,278	\$ 4,501,847	\$ 27,011,081
CS-530001-97	\$ 23,415,183	\$ 15,617,644	\$ 7,797,539	\$ 4,683,036	\$ 28,098,219
CS-530001-98	\$ 23,417,163		\$ 23,417,163	\$ 4,683,432	\$ 28,100,595
TOTALS	\$ 248,993,537	\$ 216,383,220	\$ 32,610,317	\$ 49,798,706	\$ 298,792,243

Source: Grant documents and EPA's Integrated Financial Management System

* "Cash Draws" and "Availability" are current through 10/2/99

The grantee has been the Washington State Department of Ecology through the Water Quality Program Office (the Program). The State's 20 percent match is appropriated biennially. Washington State provides EPA with a "Letter of Commitment" which shows that the required state match has been committed. The State Treasurer deposits Washington's matching share into the SRF account when a draw is made for the federal share of the SRF funds.

The Washington CWSRF operates as a direct loan program which provides loans to all public entities. As of the end of SFY 1998, it had made binding commitments totaling \$265,515,677 (adjusting for de-obligations from previously obligated funds) for 175 projects. The loan portfolio consists of Section 212 Water Pollution Control Facilities projects, Section 319 Nonpoint Source Pollution Control projects, and Section 320 Comprehensive Estuary Conservation and Management projects.

Unless the demand for funds is limited, the fund reserves no more than 10% of the available funds on an annual basis for Section 319 Nonpoint Source Pollution Control projects and no more than 10% for Section 320 Comprehensive Estuary Conservation and Management projects. If there are any unobligated funds 120 days after the award of the capitalization grant to the State, they will be either carried over to the next funding cycle or re-offered to other local governments according to the priority order established in the IUP and the limitations established by the program guidelines. Since the program's inception, Ecology has executed 45 loans totaling slightly over \$15.7 million for nonpoint source water quality projects. In the same time period it has executed 12 loans for slightly over \$5.1 million for estuary projects.²

Interest rates are determined by the length of the repayment period. The terms of the SRF program are established at 75% and 60% of the Bond Buyers Index for 15-20-year terms and 6-14-year terms respectively. For SFY 1998, this meant that rates were 4.4% and 3.5%. Borrowers receiving loans for 0-5-year terms continue to receive zero percent interest loans. At the beginning of each funding cycle, interest rates are established for loans with a six-year return or more. The market rate is determined by checking the Bond Buyers Index for Tax Exempt Municipal Bonds and the SRF interest rates are set accordingly. If the market index goes down at least .1 percent below what was established at the beginning of the funding cycle and prior to the issuance of the Draft Intended Use Plan, SRF interest rates will be adjusted downward. If the market index goes up SRF interest rates established at the beginning of the funding cycle will remain the same.

The costs of administering the CWSRF are paid for with money drawn from the Fund. The Clean Water Act allows the states to use money from the Fund up to an amount equal to 4% of the cumulative EPA capitalization grant awards. Through SFY 1998, Washington had used \$5,181,629 or 2.1% of the total EPA capitalization grants to date. In SFY 1998, Washington used \$878,652 or 3.8% of the capitalization grant award it received in SFY 1998. Ecology does not charge any origination or loan servicing fees.

²

The numbers are from EPA's National Information Management System as of the end of SFY 1998.

Review of Financial Management Practices

The Clean Water Act, the CWSRF program regulations at 40 C.F.R. 35.3100 et. seq. and the Operating Agreement include a series of requirements that speak to how a Clean Water State Revolving Fund program manages the funds that are under its care. This portion of the report discusses how the Washington program has addressed those requirements.

Acceptance of Grant Payments [40 C.F.R. 35.3135(a)]

For SFY 1998, the state agreed to accept grant payments in the increments shown in the table below. This table also shows the actual cash draws from the EPA Automated Clearinghouse Payment System.

TABLE 2: PAYMENTS				
Federal Period	Grant Payments	Cumulative Grant Payments	Quarterly Cash Draws	Cumulative Cash Draws
4Q FY 97	\$ 15,409,597	\$ 202,161,191	\$ 6,783,729	\$ 141,241,841
1Q FY 98	\$ -	\$ 202,161,191	\$ 8,883,704	\$ 150,125,545
2Q FY 98	\$ -	\$ 202,161,191	\$ 9,319,354	\$ 159,444,899
3Q FY 98	\$ 10,684,976	\$ 212,846,167	\$ 11,101,540	\$ 170,546,439
Period Totals	\$ 26,094,573		\$ 36,088,327	

The entire payment schedule, including past payments for all awards, is included in Attachment I.

State Match [40 C.F.R. 35.3135(b)]

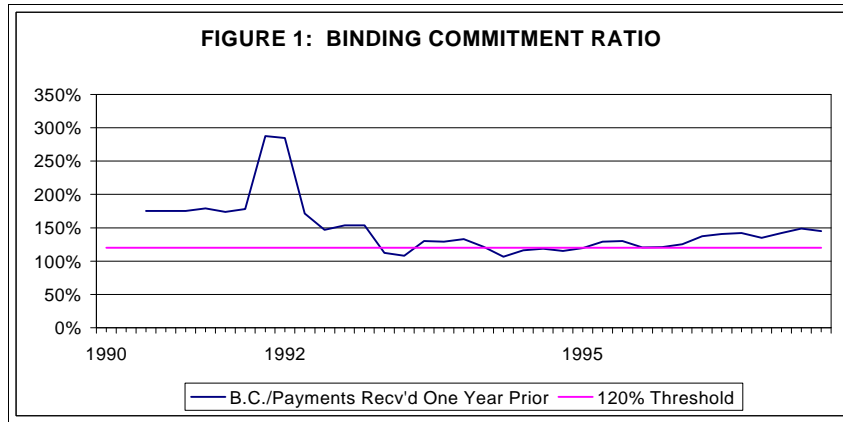
As previously noted in the program summary, in awarding capitalization grants EPA has relied on the State to provide a "Letter of Commitment" which shows that the required state match has been committed. The State Treasurer deposits Washington's matching share into the SRF account when a draw is made for the federal share of the SRF funds. The State has provided matching funds of \$48,627,554. The table below summarizes the match contributions that Washington has made to its CWSRF, including the contributions made during SFY 1998. The table demonstrates that Washington continues to be "current" in contributing the amount of matching funds required by the Clean Water Act.

TABLE 3: STATE MATCH COMPLIANCE						
	Total Federal Payments at 6/30/97	Total Match at 6/30/97	Match %	Total Federal Payments at 6/30/98	Total Match at 6/30/98	Match %
Period Totals	\$ 202,161,191	\$ 43,944,518	21.7%	\$ 225,576,374	\$ 48,627,554	21.6%

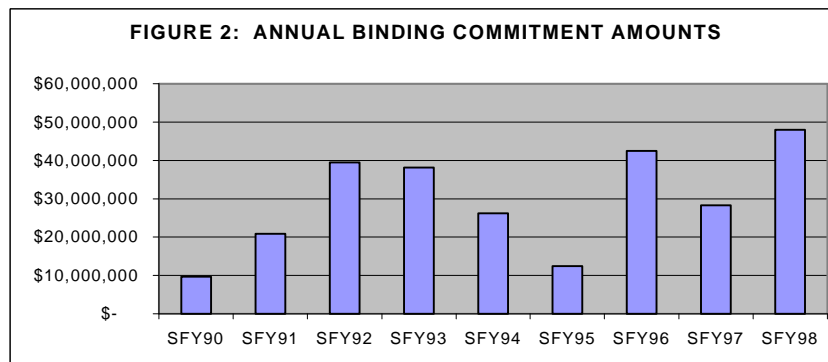
Binding Commitments [40 C.F.R. 35.3135(c)]

The Clean Water Act requires that one year after a CWSRF has taken a payment for its fund, it must have completed cumulative binding commitments for new loans in an

amount equal to at least 120% of the cumulative grant payments. As of 30 June 1997, Ecology had taken grant payments totaling \$186,751,594. As of 30 June 1998, it had completed binding commitments for \$265,515,677 in projects. The ratio of binding commitments to cumulative payments received one year earlier was 142%, which exceeds the statutory threshold of 120%. Figure 1 below shows Ecology's performance with regard to binding commitments over the years.



Approximately \$48 million in binding commitments were completed in SFY 1998, based on \$48.9 million in project funds available. As shown in figure 2 below, new loan activity in SFY 1998 was the highest dollar level this program has ever achieved. Cumulative data can be found in Attachment I.³



³

The Washington program did nearly as well in SFY 1999, executing slightly over \$42.7 million in new binding commitments.

The Clean Water Act and the CWSRF program regulations both require that states use the funds available to their CWSRFs in a timely and expeditious manner. This requirement is aimed at (a) getting projects under construction and completed quickly, (b) putting the original capitalization funds to work building projects and earning interest to maintain and increase the value of the fund and (c) ensuring that revenues accruing to the funds (repayments and interest earnings) are committed to new projects within a reasonable period of time. One indicator of a state's success is the proportion of the federal capitalization grants that have been disbursed to loan recipients. As of June 30, 1998, the Washington CWSRF still had \$55,078,173 in awarded but undrawn Federal funds. This equates to this program having disbursed 76% of capitalization grants awarded. In comparison to two years ago, with an expenditure rate of 63%, this increase is a positive development of the CWSRF program.

Another dimension to the timely expenditure of funds requirement is the overall pace of the program, i.e., how fast does a revolving fund commit and expend not only first round funds but second and subsequent rounds as well. As of June 30, 1998, the State had \$42,303,053 in cash and cash equivalents (composed of loan interest earnings, loan repayments, and interest earned on the fund balance) invested in the nearly \$3 billion Washington State Treasury investment pool that had not been committed to new loans, yet. In spite of having a record year in SFY 1998 and a near record year in SFY 1999, this balance grew to slightly over \$44.7 million by the end of SFY 1999. In order for the CWSRF to truly revolve, these funds need to be both committed and disbursed. The tables below display information showing the earnings of the Washington CWSRF and showing, indirectly, the pace at which projects are being constructed.

TABLE 4: CUMULATIVE LOAN COLLECTIONS AND INTEREST EARNINGS ON INVESTMENTS AS OF JUNE 30, 1999				
	Principal	Interest (Loans)	Interest (Fund Balance)	Total
Through SFY97*	\$ 9,581,577	\$ 15,022,143	\$ 2,001,498	\$ 26,605,218
SFY98	\$ 6,038,437	\$ 7,820,032	\$ 1,839,366	\$ 15,697,835
SFY99	\$ 13,521,478	\$ 6,734,934	\$ 2,681,794	\$ 22,938,206
Total	\$ 29,141,492	\$ 29,577,109	\$ 4,521,160	\$ 65,241,259

Source: A separate report by Ecology staff adjusting information to SFY was used to prepare this table.

* Cumulative totals through SFY97 are calculated values.

TABLE 5: PACE OF LOAN ISSUANCE			
	Through SFY96	Through SFY97	Through SFY98
Total Project Assistance Provided*	\$ 210,059,944	\$ 247,227,016	\$ 295,092,144
Total Project Funds Available**	\$ 231,649,746	\$ 266,554,133	\$ 307,397,095
Pace of Loan Issuance Ratio	91%	93%	96%

Source: NIMS

* This is virtually the same as Total Binding Commitments, except that this definition is intended to include adjustments due to refinancing of short-term and long-term debt. This figure does not account for deobligations. The current cycle of updating NIMS data should be used to provide adjustments to this figure.

** In this case, equal to cumulative federal and state contributions, plus (re)payments of loan P&I and fund balance earned interest.

TABLE 6: PACE OF CONSTRUCTION			
	Through SFY96	Through SFY97	Through SFY98
Total Project Disbursements***	\$ 136,460,177	\$ 144,365,925	\$ 186,516,579
Total Project Funds Available	\$ 231,649,746	\$ 266,554,133	\$ 307,397,095
Pace of Construction Ratio	59%	54%	61%

Source: NIMS

*** This line describes disbursements for project assistance only (administration disbursements are not included).

Finally, one more aspect of expeditiousness is the achievement of certain project milestones. During SFY 1998, six more loans finished the disbursement phase, bringing the total of completed loans to 50 while eight new projects started construction.

Cash Draw Rules [40 C.F.R. 35.3155(d) and 35.3160]

During the partial-year SFY 1998, the State requested cash draws in the amount of \$29,304,598. Attachment II contains a complete listing of these requests. The regulations require that cash disbursed to borrowers be drawn proportionately from the EPA capitalization grants and the state match. As shown in Table 7 below, for the past three fiscal years Ecology has continued to comply with this requirement.

TABLE 7: CASH DRAW PROPORTIONALITY			
	FFY96	FFY97	SFY98*
Total Disbursements	\$ 13,617,620	\$ 29,566,053	\$ 35,170,480
Federal Cash Draws	\$ 11,369,358	\$ 24,623,867	\$ 29,304,598
State Portion of Disbursements**	\$ 2,248,262	\$ 4,942,186	\$ 5,865,882
Federal Cash Draws as a % Disbursements	83.49%	83.28%	83.32%

Source: Ecology Annual Reports

* Due to the conversion from a FFY to a SFY, this represents only a partial fiscal year. ** Calculated value

Outlay Management [40 C.F.R. 35.3155(b)]

In order to assist the Department of Treasury with its federal cash management responsibilities, Clean Water State Revolving Fund programs are required to forecast their estimated cash draws from the EPA Automated Clearinghouse (EPA-ACH). Ecology submitted its cash draw projections for FFY98 on January 28, 1998. The State estimated drawing \$45 million from the EPA-ACH. Actual outlays for the period were about \$39 million. Cash draw projections and actual outlays are shown in Table 8 below. Attachment II shows all cash draws recorded by EPA's Integrated Financial Management Systems (IFMS) for three quarters of SFY 1998.

TABLE 8: OUTLAY PROJECTIONS			
Federal Period	State Forecast	Actual Outlays	% of Forecast
1Q FY 98	\$ 3,801,000	\$ 8,883,704	234%
2Q FY 98	\$ 11,568,000	\$ 9,319,354	81%
3Q FY 98	\$ 16,087,000	\$ 11,101,540	69%
4Q FY 98	\$ 13,716,000	\$ 9,532,138	69%
Totals	\$ 45,172,000	\$ 38,836,736	86%

Source: NIMS data.

The states are required to use Generally Accepted Accounting Principals in maintaining the financial records for their Clean Water State Revolving Funds. In 1998, EPA's Office of the Inspector General (OIG) conducted an audit of the Washington Clean Water Revolving Fund for Federal Fiscal Year 1997. The OIG issued an unqualified opinion on the financial statements for that period. Because \$118,202 in administrative charges were inadequately documented, the OIG issued a qualified opinion on the SRF compliance requirements. The federal portion of the administrative charges (\$98,497) has subsequently been repaid to the U.S. Treasury. An OIG recommendation made during the audit was that Washington change from reporting on a federal fiscal year basis to a state fiscal year basis. The latest annual report is the result of that conversion effort, and the fiscal year conversion is one reason for the delay since the fiscal year 1997 report was released in January 1998.

Ratio Analysis

The investment yield (shown in Table 9) decreased slightly from 5.47% in SFY97 to just under 5% in SFY 1998. This reflects average interest earning rates the State Treasurer gets in the marketplace. Management of the CWSRF has little control over earnings rates from investments. It does, of course, control overall earnings to the extent that funds remain in investments (rather than being revolved out as new loans).

TABLE 9: INVESTMENT YIELD			
Fiscal Year	Investment Earnings	Average Investment Assets*	Rate of Return
SFY 96	\$ 503,932	\$ 10,789,724	4.67%
SFY 97	\$ 1,138,339	\$ 20,809,866	5.47%
SFY 98	\$ 1,839,366	\$ 37,326,982	4.93%

Source: A separate report showing Investment Earnings by SFY was prepared by Ecology staff to assist in preparing this table.

* Average Investment Assets is a calculated value, decreasing by one quarter the average assets as reported in the respective FFY Annual Reports in an attempt to adjust for the FFY to SFY reporting conversion.

The loan yield for the past three reporting periods is shown in Table 10 below. It suggests that, despite the nearly one-fifth of the loan portfolio that is at an interest rate of 0%, there is a reasonable balance with the loans at higher interest rates, ensuring a stable return.

TABLE 10: LOAN YIELD			
Fiscal Year	Loan Interest Earnings	Average Loans Outstanding*	Rate of Return
SFY 96	5,393,785	\$ 151,931,924	3.55%
SFY 97	5,942,260	\$ 171,684,590	3.46%
SFY 98	7,820,032	\$ 174,419,865	4.48%

Source: A separate report showing Loan Interest Earnings by SFY was prepared by Ecology staff to assist in preparing this table.

* Average Loans Outstanding is a calculated value, decreasing by one quarter the average loans outstanding as reported in the respective FFY Annual Reports in an attempt to adjust for the FFY to SFY reporting conversion.

Perpetuity [40 C.F.R. 35.3100(a)]

SRF programs are to be designed and operated so that the SRF will continue to provide assistance for water pollution control activities in perpetuity. The financial statements presented with the CWSRF SFY 1998 Annual Report, were analyzed in an effort to assess the CWSRF's financial integrity and its ability to operate in perpetuity. Additionally, we reviewed the Engineering News Record Construction Cost Indices for the last few years. That review indicated that Washington's investment yields and loan yields are both high enough to keep the corpus growing at a rate that is higher than the rate at which construction costs are increasing. These results suggest that the Washington CWSRF will continue to be able to make financially attractive loans for eligible projects for many more years.

Other Financial Management Needs

During the Program Evaluation Visit (PEV), the Department of Ecology managers noted that one of the primary reasons that it seemed to be having difficulty in estimating the amount of funds available for commitment to new loans is that the Department does not yet have a "loans receivable" system that can be used to track when and in what amounts loan payments (principal and interest) are due. The Department received legislative appropriation authority in SFY 1999 to proceed with the development of a computerized loans receivable system in SFY 2000 that should help cure this deficiency.

We also discussed briefly the manner in which the Department of Ecology staffs the Washington CWSRF. Under the Operating Agreement for the program, Ecology is committed to "maintaining the staff and other necessary resources to effectively administer" the program. Ecology staffs the program in three ways:

1. Ecology has staff in its four regional offices that serve or work on water quality initiatives as well as financial assistance. Staff in these positions include project engineers, environmental planners and environmental specialists.
2. Ecology finances, through its indirect charge rate, headquarters staff who perform administrative and financial services for the program.
3. Ecology has several people in its headquarters office who are responsible for marketing the program, development of policies and procedures which guide the program, preparing each year's Intended Use Plan and Annual Report and conducting the financial management of projects.

EPA is beginning to see indications that the current staff is becoming overloaded. The development of the arrangements necessary to make financially sound loans for both nonpoint source and estuary projects is a significantly more labor-intensive effort than similar work for conventional publicly owned wastewater treatment systems. EPA expects that this workload will continue to grow as the state increases the proportion of its loan portfolio that is devoted to nonpoint source and estuary projects and as the overall value of the portfolio continues to grow in real (inflation adjusted) terms.

The state pays for the administration of the CWSRF from funds made available in the capitalization grants. Under the Clean Water Act, a state may use an amount equal to no more than four percent of the cumulative capitalization grants for the administration of its CWSRF. Through SFY 1998 Washington has used \$5,181,629 or 2.1% of capitalization through that time period. However, over the past several years the costs of administering the fund have been growing on an annual basis. Since SFY 1994 they have grown to 3.8% of annual capitalization in SFY 1998. EPA has not examined why these costs have been increasing.

Review of Project Management Practices

The Clean Water Act and the CWSRF program regulations also contain a series of requirements that address how Clean Water State Revolving Fund programs are to manage projects that receive loans and how those projects are to be planned and constructed. Our review of those aspects of the Washington CWSRF program for SFY 1998 is discussed in this section of the Program Evaluation Report.

Field Inspections and File Review

The decision was made to forgo field inspections and file reviews for the 1998 Annual Review due to the late date. During the SFY 1999 Annual Review, to be conducted early in FFY 2000, EPA will conduct file reviews for several appropriate projects.

Environmental Reviews [40 C.F.R. 35.3140]

Washington has an approved State Environmental Review Process (SERP) and reported conducting environmental reviews on all Section 212 design and construction projects. Washington's reviews are conducted pursuant to the Washington State Environmental Policy Act (SEPA) and implementing regulations in the Washington Administrative Code. SEPA, in its original form, was written by the same author as the National Environmental Policy Act.

MBE/WBE Commitment and Reporting [40 C.F.R. 35.3145(d)]

Washington submitted EPA Forms 5700-52A, *MBE/WBE Utilization under Federal Grants, Cooperative Agreements and Other Federal Assistance*, for those projects undergoing procurement activity as follows:

TABLE 11: EPA FORMS 5700-52A SUBMITTED		
Federal Period	Dollar Amount of Activity	Date Submitted to EPA
4Q FY 97	\$0.00	No report submitted
1Q FY 98	\$0.00	February 18, 1998
2Q FY 98	\$0.00	May 1, 1998
3Q FY 98	\$105.15	August 20, 1998

Source: EPA Forms 5700-52A

During SFY 1998 the goals for MBE/WBE utilization were 10% and 6% respectively. MBE/WBE percentage goals are negotiated annually and identified in each

capitalization grant. They are based on "equivalency funds," which (for purposes of this analysis in the post-equivalency period) is an amount equal to the capitalization grants. As can be seen in the table above, the CWSRF program did not report dollar amounts even close to the negotiated utilization. It appears that Ecology is either not obtaining the necessary MBE/WBE utilization forms from the loan recipients or it is not compiling the utilization figures and submitting them to EPA. Ecology is responsible for ensuring that **all** loan recipients obtaining CWSRF funds send EPA Form 5700-52A to the Department of Ecology. It is also responsible for aggregating these forms for its quarterly submission to EPA.

In June of 1997, Guidance from EPA's Small, Minority and Women's Business Enterprises was revised. The guidance which is to be used for EPA's FY1998 fair share negotiations with States and other recipients of EPA financial assistance, reflect a number of changes to EPA's existing MBE/WBE utilization Guidance. Since 1996, the US Department of Justice has worked with various federal agencies on the affirmative action programs in light of the Supreme Court's decision in Adarand Constructors, Inc. vs. Pena, 115 S CT 2097 (1995). A change to the revised Guidance that requires immediate action is that the State must complete an assessment of the availability of qualified MBE/WBE firms in its relevant geographical market. MBE/WBE objectives will be based on data provided by this assessment. FY98 capitalization grant awards included MBE/WBE goals based upon that State's historical performance in procuring MBE/WBE firms.

Other Federal Authorities [40 C.F.R. 35.3145(a)]

As previously mentioned, file reviews will be conducted in three months at which time compliance with other federal authorities will be determined.

Underwriting

Ecology routinely reviews each loan application, considering: 1) the scope of the project and its related funding needs and sources, 2) the applicant's existing user rate system, and 3) the ability of the applicant's customers to afford higher user charges. To date, there have been no defaults in the Washington CWSRF.

Recipient Accounting [40 C.F.R. 35.3135(i)]

Loan recipients are required to submit annual financial audits of their programs to the Office of the Washington State Auditor. Under the terms of the loan agreement, the submitted audit reports are reviewed by the State Auditor as part of an ongoing effort to ensure the continued financial health of the CWSRF.

Eligible Activities [40 C.F.R. 35.3115, 3120 and 3125]

The Clean Water Act requires that Clean Water State Revolving Funds limit themselves to providing any of seven specific types of financial assistance. Those seven types of assistance include:

1. Making loans at or below market rates of interest to finance water pollution control projects;
2. To buy or refinance the debt obligation of municipalities and intermunicipal and interstate agencies within the State at or below market rates, where such debt obligations were incurred after March 7, 1985;
3. To guarantee, or purchase insurance for, local obligations where such action would improve credit market access or reduce interest rates;
4. As a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the State if the proceeds of the sale of such bonds will be deposited in the fund;
5. To provide loan guarantees for similar revolving funds established by municipalities or intermunicipal agencies;
6. To earn interest on fund accounts; and
7. For the reasonable costs of administering the fund and conducting activities under this title, except that such amounts shall not exceed 4 percent of all grant awards to such fund under this title.

Throughout its history the Washington CWSRF has complied with these restrictions. In SFY 1998, all 43 loans were for projects on the program's IUP. No loans appear to have been made for projects that would be ineligible under the terms of the Clean Water Act.

During EPA's PEV, a question arose as to the eligibility of house connections under the CWSRF Program. House connections include the pipe from the house to the sewage collection system. As indicated in guidance memorandum SRF 94-11 issued on August, 22, 1994, house connections are eligible under certain restrictions.

"House connections are eligible for funding under the SRF program with two restrictions. First, section 603(c)(1) of the Clean Water Act (CWA) specifies that a wastewater project receiving SRF assistance be publicly owned. Thus, house connections are eligible if the community owns them and has access to them via easements for maintenance and repair."

"Second, section 602(b)(6) of the CWA applies some of the requirements of the Construction Grants program to the SRF program. Among these is section 211, which prohibits the funding of house connections. Therefore, house connections are not eligible as part of projects that the State identifies as being funded from the amount equal to its Federal grant received to capitalize its SRF (i.e., "equivalency" projects). House connections (if publicly owned) are eligible as part of projects funded from other sources such as the State's

Intended Use Plan Development [40 C.F.R. 35.3150]

Each Clean Water State Revolving program is required to prepare a plan identifying the intended uses of the funds in its SRF and describing how those uses

support the goals of the SRF. This Intended Use Plan (IUP) must be prepared annually and must be subjected to public review and comment before being submitted to EPA. EPA must receive the IUP prior to the award of the capitalization grant.

Over the past few years, Ecology has integrated the funding cycles for its three major water quality financial assistance programs. Communities and other eligible applicants submit one application to compete for financial assistance from the Clean Water Revolving Fund, the state Centennial Clean Water Fund and the Clean Water Act nonpoint source grants under §319 of the Clean Water Act. All applications are evaluated against one common set of criteria. Project sponsors have the opportunity to apply for or indicate that they will accept financial assistance from one or all of the three sources. As noted earlier, Washington reserves a total 20% of the available funds each year for nonpoint source and estuary projects. As a standard part of its process for marketing its water quality financial assistance programs within the state, Ecology holds a series of workshops (one in each of its regional office cities) on the application process during the time period when it is soliciting applications each year. Ecology also posts complete application information on its web page on the Internet.

This has been a remarkably successful approach to the development of the IUP. Ecology routinely receives a wide range of projects and through the end of SFY 1998 has been able to commit 89% of its available funds. Even though the reserves for nonpoint source and estuary projects are often underused, Washington has been one of the more successful states with respect to making loans from its SRF to finance these projects.

During SFY 1998, Washington received feedback from its clients indicating that a significant part of the universe of potential water quality financial assistance recipients were not satisfied with the methods that Ecology used to evaluate candidates for financial assistance. Ecology responded to this concern in a positive and productive manner. It formed an advisory group, the Water Quality Financial Assistance Restructuring Committee, made up of representatives of water quality financial assistance recipients, environmental and other public interest groups, Indian tribes and state and federal agencies. The committee worked with Ecology to review the existing system and examine alternative means of evaluating and ranking projects that are candidates for financial assistance. To support the Committee's deliberations, Ecology staff toured the state and met with many interested groups and Indian tribes to solicit their views on how the system could be improved. Based on the work of Ecology staff and the Committee, Ecology developed a new "Fund Distribution Method" and project ranking system.

The new system is being pilot tested in the development of Ecology's SFY 2000 IUP. As part of the new system, Ecology created a Water Quality Financial Assistance Advisory Council with broad voting representation to advise it on the administration of the State's water quality financial assistance programs. EPA, Region 10's Clean Water Revolving Fund Coordinator serves as an ex-officio member of the Advisory Council.

Achievement of Goals and Objectives

The State had ten long-term and six short-term goals, it claimed accomplishment for all but two. Our review focused on Ecology's long-term goals for its program:

- A. Long-Term Goal – To provide financial assistance to communities to achieve compliance with state and federal water pollution control requirements, implement nonpoint source pollution control programs, and to develop and implement estuary conservation and management programs. Ecology has actively marketed the program through program mailings, a comprehensive web site, and yearly CWSRF workshops in each of its regional offices. As a result of this effort Ecology has been more successful than most states at using its Revolving Fund to address the state's nonpoint source and estuary related water quality needs.
- B. Long-Term Goal – To protect public health and water quality and to achieve overall improvements and protection of the environment. Ecology's integrated water quality financial assistance program and its water quality focused project ranking system have allowed it to focus its available resources on projects make significant contributions to protecting public health and water quality. The revised Fund Distribution Method being tested in SFY 2000 should improve Ecology's ability to meet this continuing goal.
- C. Long-Term Goal – To encourage projects that will prevent water quality deterioration including wetland protection projects. During SFY 1998 no applications were submitted for wetland preservation. Perhaps a more direct or intensive marketing of the program is necessary. For example, a targeting mailing to nonprofit and environmental groups. Ecology may also wish to consider joint marketing with the Puget Sound Water Quality Action Team or the Lower Columbia River Estuary Program.
- D. Long-Term Goal – To assist communities with financial difficulties in meeting required public health and water quality standards while maintaining the health and perpetuity of the SRF program according to federal law and guidance. Washington has the most comprehensive system for addressing the needs of communities with financial difficulties in the region. Our review indicates that this system is working well to help these communities meet their water quality needs, while preserving the long-term value of the Fund.
- E. Long-Term Goal – To provide the type and amount of financial assistance most advantageous to communities, consistent with the long-term health of the fund. Ecology has a very flexible system for establishing the terms of each loan that it originates and is also able to blend grant and loan funds to make projects affordable for their sponsoring communities.
- F. Long-Term Goal – To administer the SRF program so that the financial integrity, viability, and revolving nature are maintained in perpetuity. During this review EPA inspected various financial reports and conducted various analyses to assess the perpetuity of the CWSRF. EPA's review found that

Ecology's mix of loans is producing a revenue stream for the Fund that should be able to maintain the long-term value of the Fund and allow the Fund to keep pace with increases in construction costs. Additionally, Ecology's system of making the interest rate a function of the loan's "maturity" gives borrowers a financial incentive to "sign up" for a shorter loan. This has the desirable result of recycling the funds at a higher rate and increases the annual volume of new loans that the program can support.

- G. Long-Term Goal – To integrate Ecology's watershed approach in evaluating and prioritizing water quality project proposals. Ecology's watershed approach involves scoping, monitoring, and implementation projects that address problems identified through Ecology's Water Quality program's watershed needs assessments or technical reports developed for 23 watershed management projects in SFY 96. Ecology's approach to watershed planning is evolving and the approach to evaluating projects used in SFY 1998 did not directly tie to the existing watershed planning approach. The new Fund Distribution Method being tested in SFY 2000 is water quality "driven." Thus, at least theoretically, projects that rank high on it should be projects that address important water quality needs. Significant opportunities exist to integrate the Fund into the implementation of the State's Salmon Recovery Plan, TMDLs and watershed restoration action strategies.
- H. Long-Term Goal – To integrate, to the greatest extent possible, the SRF with the Centennial, the federal Hardship Grants Program for Rural Communities, and the Section 319 programs in order to maximize limited state and federal grant and loan funds for the water quality improvement and protection of the state of Washington. Ecology has, indeed, integrated these programs in a way that should maximize the water quality benefits resulting from the financial assistance that it makes available each year. The Governor has recognized this and recognized the cost savings that this approach produces for Washington's local governments and utility districts.
- I. Long-Term Goal – To provide technical assistance to eligible hardship communities. Examples of technical assistance includes: seminars, workshops, on-sit technical assistance related to the proper function of wastewater treatment systems, and information concerning the establishment of management districts and the purchase of equipment for those districts to better operate and maintain decentralized systems. Due to late fiscal year funding, technical assistance was not provided to hardship communities during SFY 1998.
- J. Long-Term Goal – To continue developing innovative financial nonpoint strategies for dedicated source(s) of repayment to the SRF program, e.g. dairy processors guaranteeing repayment of funds loaned to dairy farmers for implementation agricultural best management practices. During SFY 1998 one loan agreement was negotiated and signed with the Washington State Conservation Commission to implement a statewide dairy waste management loan program. The commission used part of its State General Fund appropriation to secure the loan. The Commission offers low-interest

loans through the local conservation district. The Commission contracted with Darigold Farms for the purpose of providing loan servicing. Eligible dairy operators who are members of the Darigold cooperative will use unencumbered second preferred Darigold stock as collateral. Dairy operators who are not members of the Darigold cooperative must have a guarantee of repayment from a financial institution.

Reporting

Annual Report [40 C.F.R. 35.3135(j) & 35.3165]

The Annual Report was dated May 7, 1999 and arrived at EPA on May 13, 1999. The report was significantly late this year due to EPA and Ecology agreeing that Ecology should begin reporting on a state fiscal year basis, rather than a federal fiscal year basis. The content and information provided, though late, were very useful for EPA to understand the activities during the Period and to complete this review. In the future, EPA expects that Ecology will be able to deliver its Annual Report within 90 days after the end of the state fiscal year (by 30 September).

Data Management [40 C.F.R. 35.3130(b)]

Every year Ecology completes and submits an annual "data report" to EPA that is entered into EPA's National Information Management System (NIMS) for the Clean Water Revolving Fund. The report for SFY 1998 was submitted a few weeks late. The data for SFY 1998 show, cumulatively (for the life of the program) that only one project has initiated operations. This error of omission was corrected in the state's SFY 1999 data report.

Conclusions and Recommendations

The Washington Clean Water Revolving Fund continues to be a well-managed and well-executed program. The Department of Ecology invests considerable time and energy in marketing the financial assistance program to the nonpoint source "community" as well as to institutions that have implementation responsibilities under the Puget Sound Water Quality Management Plan, the nation's first estuary program approved under §320 of the Clean Water Act. The EPA has identified a few key challenges that the Department of Ecology should address:

- The Fund needs to "revolve" at a more rapid rate in order to maximize the potential water quality benefits of the fund and to "capture" all of the allotted Federal capitalization funds. Ecology will need to expand the markets being served and market the program more aggressively to its current customer groups.
- Washington's water quality and aquatic habitat could benefit considerably if the Fund's priority system is more tightly integrated with water quality management program and its developing Salmon Recovery Plan.

- In order to more effectively manage its financial assets, the Fund needs to develop a thorough loans receivable tracking system. This should be a high priority for the Department in SFY 2000.
- In order to effectively manage its increasing workload, the Fund may need to expand or realign its staffing. One possible realignment not mentioned elsewhere in this report would be for the Department to examine the idea of contracting with a commercial bank or mortgage servicing company to handle all processing of loan payments from CWSRF borrowers. This "revenue management" option has the potential to significantly reduce the costs the Department incurs in its loan payment processing operation while also "releasing" employee positions that could be assigned to work that is not suitable for contracting out. We understand that Ecology is of the opinion that this may not be an effective method for reducing the actual administrative costs that it incurs. We believe that the idea, at least, merits some examination to determine whether it offers any significant potential for reducing Ecology's administrative costs.
- Although Ecology's loan portfolio has been growing significantly and can be expected to continue growing at a relatively rapid rate for several more years, the staff available to arrange new loans and manage those loans once they are executed has not grown to any significant degree. EPA recommends that Ecology thoroughly examine the program's expected work load and available staffing to determine what additional staffing may be necessary. EPA recommends that this analysis be completed in time to be used in the development of Ecology's SFY 2001 budget and operating plan.
- Given that the Fund appears to be expending all of the available administrative money each fiscal year and that its workload is increasing, we recommend that Ecology begin to explore the idea of charging loan origination fees and loan processing fees.
- The Department must begin collecting and aggregating EPA Form 5700-52A, *MBE/WBE Utilization under Federal Grants, Cooperative Agreements and Other Federal Assistance*, from all loan recipients receiving CWSRF funds and submitting this information on a quarterly basis to EPA.

Attachment I
Washington CWSRF - Schedule of Binding Commitments, Payments and Maximum Cash Draws

Fiscal Year	Time Period	Payments	Cum. Payments	BCs (Required)	Cum. BCs (Required)	BCs (Actual)	Cum. BCs (Actual)	Actual BC by SFY	120% BC Requirement	Cum. (Actual) BC Percent	Total Cum. Payments (Max. Cash Draw)	Cash Draws (Actual)
FFY89	Oct-Dec 88	-	-	-	-	-	-	-	120%	0%	-	-
	Jan-Mar 89	-	-	-	-	-	-	-	120%	0%	-	-
	Apr-Jun 89	-	-	-	-	-	-	-	120%	0%	-	-
SFY90	Jul-Sep 89	-	-	-	-	-	-	9,604,114	120%	0%	-	-
FFY90	Oct-Dec 89	17,372,811	17,372,811	-	-	-	-	-	120%	0%	17,372,811	-
	Jan-Mar 90	-	17,372,811	-	-	-	-	-	120%	0%	17,372,811	204,082
	Apr-Jun 90	-	17,372,811	-	-	9,604,114	9,604,114	-	120%	0%	17,372,811	-
SFY91	Jul-Sep 90	-	17,372,811	-	-	3,649,264	13,253,378	20,834,296	120%	0%	17,372,811	43,952
FFY91	Oct-Dec 90	565,570	17,938,381	20,847,373	20,847,373	17,185,032	30,438,410	-	120%	175%	17,938,381	960,582
	Jan-Mar 91	-	17,938,381	-	20,847,373	-	30,438,410	-	120%	175%	17,938,381	4,734,523
	Apr-Jun 91	6,364,868	24,303,249	-	20,847,373	-	30,438,410	-	120%	175%	24,303,249	61,664
SFY92	Jul-Sep 91	240,907	24,544,156	-	20,847,373	726,007	31,164,417	39,495,510	120%	179%	24,544,156	130,305
FFY92	Oct-Dec 91	26,699,553	51,243,709	678,684	21,526,057	-	31,164,417	-	120%	174%	51,243,709	8,830,249
	Jan-Mar 92	19,034,335	70,278,044	-	21,526,057	795,984	31,960,401	-	120%	178%	70,278,044	2,791,943
	Apr-Jun 92	-	70,278,044	7,637,842	29,163,899	37,973,519	69,933,920	-	120%	288%	70,278,044	3,341,174
SFY93	Jul-Sep 92	-	70,278,044	289,088	29,452,987	-	69,933,920	38,143,299	120%	285%	70,278,044	13,783,226
FFY93	Oct-Dec 92	25,810,184	96,088,228	32,039,464	61,492,451	17,769,214	87,703,134	-	120%	171%	96,088,228	9,151,391
	Jan-Mar 93	6,852,704	102,940,932	22,841,202	84,333,653	15,545,093	103,248,227	-	120%	147%	102,940,932	12,304,709
	Apr-Jun 93	-	102,940,932	-	84,333,653	4,828,992	108,077,219	-	120%	154%	102,940,932	8,558,435
SFY94	Jul-Sep 93	1,126,307	104,067,239	-	84,333,653	-	108,077,219	26,248,051	120%	154%	104,067,239	6,982,062
FFY94	Oct-Dec 93	225,554	104,292,793	30,972,221	115,305,874	-	108,077,219	-	120%	112%	104,292,793	4,352,030
	Jan-Mar 94	10,056,229	114,349,022	8,223,245	123,529,118	3,139,254	111,216,473	-	120%	108%	114,349,022	8,665,666
	Apr-Jun 94	23,143,290	137,492,312	-	123,529,118	23,108,797	134,325,270	-	120%	130%	137,492,312	4,816,525
SFY95	Jul-Sep 94	-	137,492,312	1,351,568	124,880,687	-	134,325,270	12,378,634	120%	129%	137,492,312	2,830,878
FFY95	Oct-Dec 94	5,035,444	142,527,756	270,665	125,151,352	4,433,697	138,758,967	-	120%	133%	142,527,756	2,824,094
	Jan-Mar 95	12,787,921	155,315,677	12,067,475	137,218,826	316,229	139,075,196	-	120%	122%	155,315,677	3,684,297
	Apr-Jun 95	2,916,442	158,232,119	27,771,948	164,990,774	7,628,708	146,703,904	-	120%	107%	158,232,119	3,445,183
SFY96	Jul-Sep 95	-	158,232,119	-	164,990,774	13,480,989	160,184,893	42,459,339	120%	117%	158,232,119	2,703,408
FFY96	Oct-Dec 95	-	158,232,119	6,042,533	171,033,307	8,875,318	169,060,211	-	120%	119%	158,232,119	1,082,272
	Jan-Mar 96	17,989,331	176,221,450	15,345,505	186,378,812	9,646,968	178,707,179	-	120%	115%	176,221,450	5,433,946
	Apr-Jun 96	3,430,507	179,651,957	3,499,730	189,878,543	10,456,064	189,163,243	-	120%	120%	179,651,957	2,340,758
SFY97	Jul-Sep 96	-	179,651,957	-	189,878,543	14,943,072	204,106,315	28,327,306	120%	129%	179,651,957	2,512,382
FFY97	Oct-Dec 96	-	179,651,957	-	189,878,543	1,634,581	205,740,896	-	120%	130%	179,651,957	6,951,017
	Jan-Mar 97	-	179,651,957	21,587,197	211,465,740	6,936,153	212,677,049	-	120%	121%	179,651,957	6,029,400
	Apr-Jun 97	7,099,637	186,751,594	4,116,608	215,582,348	4,813,500	217,490,549	-	120%	121%	186,751,594	4,859,721
SFY98	Jul-Sep 97	15,409,597	202,161,191	-	215,582,348	8,137,167	225,627,716	48,025,128	120%	126%	202,161,191	6,783,729
FFY98	Oct-Dec 97	-	202,161,191	-	215,582,348	20,727,532	246,355,248	-	120%	137%	202,161,191	8,883,704
	Jan-Mar 98	-	202,161,191	-	215,582,348	6,632,675	252,987,923	-	120%	141%	202,161,191	9,319,354
	Apr-Jun 98	10,684,976	212,846,167	8,519,564	224,101,913	12,527,754	265,515,677	-	120%	142%	212,846,167	11,101,540

ATTACHMENT II
Washington CWSRF - SFY 98 ACH Cash Draw Report

FFY Month	FFY Draw Amount	FFY Month	FFY Draw Amount
01	1998 \$912,207	06	1998 \$100,296
01	1998 \$125,468	06	1998 \$230,690
01	1998 \$577,715	06	1998 \$66,041
01	1998 \$1,193,157	06	1998 \$203,265
01	1998 \$146,511	06	1998 \$120,769
01	1998 \$24,999	06	1998 \$121,160
01	1998 \$455,824	06	1998 \$42,107
01	1998 \$52,428	06	1998 \$9,885
01	1998 \$9,769	06	1998 \$71,190
01	1998 \$29,251	06	1998 \$495,500
	Month Total \$3,527,329	06	1998 \$809,243
02	1998 \$12,339	06	1998 \$9,922
02	1998 \$1,462,444	06	1998 \$255,746
02	1998 \$168,895	06	1998 \$6,254
02	1998 \$540,369	06	1998 \$4,032
02	1998 \$47,428	06	1998 \$13,968
02	1998 \$101,119		Month Total \$2,560,068
02	1998 \$150,215		Qtr Total \$9,319,354
02	1998 \$54,174	07	1998 \$5,740
02	1998 \$632,113	07	1998 \$3,048,539
	Month Total \$3,169,096	07	1998 \$16,482
03	1998 \$7,674	07	1998 \$622,157
03	1998 \$155,981	07	1998 \$6,310
03	1998 \$15,675	07	1998 \$6,082
03	1998 \$16,338	07	1998 \$524,380
03	1998 \$347,346	07	1998 \$61,950
03	1998 \$26,754	07	1998 \$836,948
03	1998 \$25,429	07	1998 \$141,745
03	1998 \$861,777	07	1998 \$486,378
03	1998 \$62,566	07	1998 \$73,369
03	1998 \$640,753		Month Total \$5,830,080
03	1998 \$26,986	08	1998 \$34,689
	Month Total \$2,187,279	08	1998 \$281,966
	Qtr Total \$8,883,704	08	1998 \$747,162
04	1998 \$60,328	08	1998 \$67,465
04	1998 \$150,910	08	1998 \$53,731
04	1998 \$180,333	08	1998 \$1,930
04	1998 \$367,089	08	1998 \$215,208
04	1998 \$1,070,552	08	1998 \$19,013
04	1998 \$113,609	08	1998 \$510,494
04	1998 \$39,633	08	1998 \$192,658
04	1998 \$13,140	08	1998 \$426,106
04	1998 \$4,216		Month Total \$2,550,422
04	1998 \$1,215,458	09	1998 -\$198,104
04	1998 \$66,603	09	1998 \$198,104
04	1998 \$254,374	09	1998 \$19,677
	Month Total \$3,536,245	09	1998 \$253,375
05	1998 \$249,996	09	1998 \$1,907
05	1998 \$193,485	09	1998 \$4,665
05	1998 \$29,270	09	1998 \$114,922
05	1998 \$5,595	09	1998 \$555,816
05	1998 \$808,814	09	1998 \$990,479
05	1998 \$132,841	09	1998 \$4,086
05	1998 \$268,803	09	1998 \$658,471
05	1998 \$68,864	09	1998 \$43,218
05	1998 \$29,761	09	1998 \$71,487
05	1998 \$1,435,612	09	1998 \$2,935
	Month Total \$3,223,041		Month Total \$2,721,038
			Qtr Total \$11,101,540
			SFY98 Total \$29,304,598